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Zhenro Properties Group Limited
正榮地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6158 and Debt Stock Code: 4596 and 40572)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zhenro Properties Group Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025 together with the comparative figures for the preceding financial year as follows. The annual results have been prepared in accordance with IFRS Accounting Standards (“**IFRSs**”).

ANNUAL RESULTS AND OPERATIONAL HIGHLIGHTS

- For the year ended 31 December 2025, the Group, together with its joint ventures and associated companies, recorded contracted sales of RMB4.344 billion, representing a 35.4% year-on-year decrease from 2024.
- For the year ended 31 December 2025, the revenue of the Group was RMB9,792.3 million (for the year ended 31 December 2024: RMB33,416.9 million).
- For the year ended 31 December 2025, the loss attributable to the owners of the parent was RMB17,439.9 million (for the year ended 31 December 2024: RMB6,829.8 million).
- As at 31 December 2025, the Group, together with its joint ventures and associate companies, had a land bank with aggregate GFA of 9.04 million sq.m. (as at 31 December 2024: 9.95 million sq.m.).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	4	9,792,311	33,416,906
Cost of sales		<u>(9,579,702)</u>	<u>(31,453,104)</u>
Gross profit		212,609	1,963,802
Other income and gains	4	24,363	30,647
Selling and distribution expenses		(526,432)	(797,318)
Administrative expenses		(461,845)	(629,542)
Impairment losses on financial assets, net		(4,921,599)	(664,343)
Other expenses	4	(6,719,098)	(3,123,457)
Fair value losses on investment properties		(1,000,200)	(573,200)
Finance costs	6	(4,702,970)	(3,730,262)
Share of profits and losses of:			
Joint ventures		(61,966)	38,430
Associates		<u>(514,823)</u>	<u>116,467</u>
LOSS BEFORE TAX	5	(18,671,961)	(7,368,776)
Income tax credit/(expense)	7	<u>45,400</u>	<u>(170,270)</u>
LOSS FOR THE YEAR		<u>(18,626,561)</u>	<u>(7,539,046)</u>
Attributable to:			
Owners of the parent		(17,439,947)	(6,829,835)
Non-controlling interests		<u>(1,186,614)</u>	<u>(709,211)</u>
		<u>(18,626,561)</u>	<u>(7,539,046)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted		<u>RMB(3.99) yuan</u>	<u>RMB(1.56) yuan</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(18,626,561)</u>	<u>(7,539,046)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>145,328</u>	<u>(230,467)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation from functional currency to presentation currency	<u>249,918</u>	<u>(258,063)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>395,246</u>	<u>(488,530)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(18,231,315)</u>	<u>(8,027,576)</u>
Attributable to:		
Owners of the parent	(17,044,701)	(7,318,365)
Non-controlling interests	<u>(1,186,614)</u>	<u>(709,211)</u>
	<u>(18,231,315)</u>	<u>(8,027,576)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		483,433	522,152
Investment properties		6,269,362	7,433,700
Right-of-use assets		206,714	222,173
Other intangible assets		4	16
Investments in joint ventures		2,034,154	2,254,602
Investments in associates		5,457,993	6,359,924
Deferred tax assets		–	19,201
Total non-current assets		<u>14,451,660</u>	<u>16,811,768</u>
CURRENT ASSETS			
Properties under development		26,259,117	33,373,365
Completed properties held for sale		20,350,306	29,483,387
Trade receivables	10	276,757	262,670
Due from related companies		7,633,943	9,916,396
Prepayments, other receivables and other assets		12,869,124	18,589,696
Tax recoverable		1,881,268	1,760,203
Restricted cash and pledged deposits		1,698,878	1,969,388
Cash and cash equivalents		<u>688,054</u>	<u>1,215,294</u>
Total current assets		<u>71,657,447</u>	<u>96,570,399</u>
CURRENT LIABILITIES			
Trade and bills payables	11	14,027,588	16,349,689
Other payables and accruals		22,384,688	15,737,159
Contract liabilities		6,641,922	13,841,193
Due to related companies		4,710,974	5,375,738
Interest-bearing bank and other borrowings		24,243,066	26,795,849
Senior notes		23,774,578	24,514,674
Corporate bonds		4,969,991	1,496,056
Perpetual capital securities		1,381,310	1,412,671
Tax payable		4,150,175	3,913,574
Lease liabilities		–	1,536
Total current liabilities		<u>106,284,292</u>	<u>109,438,139</u>
NET CURRENT LIABILITIES		<u>(34,626,845)</u>	<u>(12,867,740)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(20,175,185)</u>	<u>3,944,028</u>

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		2,224,205	1,032,050
Other payables and accruals		–	1,305,123
Corporate bonds		254,421	3,602,479
Deferred tax liabilities		96,663	279,287
Lease liabilities		–	4,874
		<u>–</u>	<u>4,874</u>
Total non-current liabilities		<u>2,575,289</u>	<u>6,223,813</u>
Net liabilities		<u>(22,750,474)</u>	<u>(2,279,785)</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		282	282
Reserves		<u>(28,401,542)</u>	<u>(11,207,610)</u>
		(28,401,260)	(11,207,328)
Non-controlling interests		<u>5,650,786</u>	<u>8,927,543</u>
Total equity		<u>(22,750,474)</u>	<u>(2,279,785)</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Zhenro Properties Group Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 21 July 2014. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 16 January 2018. The registered office of the Company is located at Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

During the year, the Company and its subsidiaries (collectively the “Group”) was principally involved in property development and property leasing.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and interpretations) approved by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

For the year ended 31 December 2025, the Group recorded loss for the year of RMB18,626,561,000. As at 31 December 2025, (i) the Group recorded net current liabilities and net liabilities amounting to RMB34,626,845,000 and RMB22,750,474,000, respectively. (ii) the Group’s total bank and other borrowings, senior notes, corporate bonds, perpetual capital securities and asset-backed securities (included in other payables and accruals) amounted to RMB59,202,314,000, out of which RMB56,723,688,000 will be due for repayment within the next twelve months or on demand, while its cash and cash equivalents amounted to RMB688,054,000; (iii) the Group had not repaid an aggregate amount of principal and interest of RMB25,961,836,000 for certain senior notes and an aggregate amount of interest amounting to RMB1,217,529,000 for certain senior notes according to their scheduled repayment dates, triggering events of default for certain senior notes amounting to RMB4,955,737,000; (iv) an aggregate amount of principal of RMB18,858,524,000 for interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates, triggering certain long term interest-bearing bank and other borrowings amounting to RMB3,307,540,000 becoming repayable on demand; (v) the Group failed to repay the principal and interest amounting to RMB4,334,545,000 for corporate bonds according to their scheduled repayment dates; (vi) the Group failed to repay the principal and interest amounting to RMB1,823,758,000 for the perpetual capital securities; and (vii) the Group failed to repay the principal and interest amounting to RMB2,278,706,000 for asset-backed securities according to their scheduled repayment dates.

2.1 BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

The above events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the Directors have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including:

- (a) The Group has been actively working with its legal advisor and financial advisers on its offshore holistic liability management solutions, in order to achieve a long-term sustainable capital structure, resolve its liquidity issue and stabilise the Group's operations, taking into account the interests of all its stakeholders.
- (b) The Group has been actively negotiating with existing lenders on the extension for repayments of certain borrowings. The Group may be able to extend the payment schedule for certain interest-bearing bank and other borrowings. Nevertheless, the confirmation of such extension is subject to the final approval from the lenders.
- (c) The Group has been actively negotiating with several financial institutions to obtain new loans at a reasonable cost for ensuring delivery of its property projects under development.
- (d) The Group will continue to seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.
- (e) The Group has prepared a business strategy plan mainly focusing on the acceleration of the sales of properties.
- (f) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses.
- (g) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

2.1 BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2025. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (a) successfully completing the holistic restructuring of its offshore indebtedness;
- (b) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's interest-bearing bank and other borrowings;
- (c) successfully securing project development loans for qualified project development in a timely manner;
- (d) successfully obtaining additional new sources of financing as and when needed;
- (e) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties;
- (f) successfully implementing measures to speed up the collection of the outstanding sales proceeds and effectively control costs and expenses; and
- (g) successfully disposing of the Group's equity interests in certain project development companies when suitable.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The consolidated financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the following new and amendments to IFRS Accounting Standards (which include all International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IAS”) and Interpretations) approved by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21 *Lack of Exchangeability*

The nature and the impact of the revised IFRS Accounting Standards are described below:

Amendments to IAS 21 specify how an entity shall determine whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group has transacted with and the functional currencies of group entities for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the consolidated financial information.

2.3 NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation</i> ²
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Directors are in process of making an assessment of what the impact of the above new and amendments to IFRS Accounting Standards is expected to be in the period of initial application. So far, the directors of the Company considers that the adoption of the above new and amendments to IFRS Accounting Standards is unlikely to have significant impact on the Group’s consolidated financial statements, except for the application of IFRS 18 which is expected to affect the presentation and disclosure of the Group’s consolidated financial statements in the future.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing and commercial property management by project locations for the purpose of making decisions about resource allocation and performance assessment, while no single location's revenue, net profit or total assets exceed 10% of the Group's consolidated revenue, net profit or total assets, respectively. As the economic characteristics are similar in all the locations, where the nature of property development and leasing and management are similar, and the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services are also similar, all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the years ended 31 December 2025 and 2024.

4. REVENUE, OTHER INCOME AND GAINS, OTHER EXPENSES

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	9,713,671	33,340,442
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Lease payments, including fixed payments	<u>78,640</u>	<u>76,464</u>
Total	<u><u>9,792,311</u></u>	<u><u>33,416,906</u></u>

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Types of goods or services		
Sale of properties	9,707,534	33,331,088
Management consulting services	<u>6,137</u>	<u>9,354</u>
Total	<u><u>9,713,671</u></u>	<u><u>33,340,442</u></u>
Timing of revenue recognition:		
Properties or goods transferred at a point in time	9,707,534	33,331,088
Services transferred over time	<u>6,137</u>	<u>9,354</u>
Total	<u><u>9,713,671</u></u>	<u><u>33,340,442</u></u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of properties	<u><u>9,619,416</u></u>	<u><u>30,178,205</u></u>

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

For property sales contracts, the Group recognises revenue equal to the contract amount when the purchaser obtains the physical possession or the legal title of the completed property.

Management consulting services

For management consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025	2024
	RMB'000	RMB'000
Amounts expected to be recognised as revenue:		
Within one year	4,431,240	11,488,190
After one year	<u>2,210,682</u>	<u>2,353,003</u>
Total	<u><u>6,641,922</u></u>	<u><u>13,841,193</u></u>

An analysis of other income and gains is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income		
Interest income	12,928	21,917
Others	<u>21</u>	<u>1,879</u>
Total other income	<u>12,949</u>	<u>23,796</u>
Gains		
Forfeiture of deposits	7,766	5,312
Government grants	951	443
Gain on lease term termination	–	1,096
Gain on disposal of items of property, plant and equipment	299	–
Gain on disposal of investment properties	1,049	–
Others	<u>1,349</u>	<u>–</u>
Total gains	<u>11,414</u>	<u>6,851</u>
Total other income and gains	<u><u>24,363</u></u>	<u><u>30,647</u></u>

An analysis of other expenses is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Impairment losses recognised from properties under development and completed properties held for sale	6,348,586	2,328,116
Impairment losses recognised for property, plant and equipment	–	700,196
Foreign exchange losses, net	99,283	54,514
Loss on disposal of associates	80,903	–
Losses on disposal of financial assets at fair value through profit or loss	–	87
Losses on disposal of items of property, plant and equipment	–	6
Compensation for liquidated damages and late payments	107,618	–
Loss on disposal/liquidation of subsidiaries	75,759	–
Donations	879	500
Others	<u>6,070</u>	<u>40,038</u>
Total other expenses	<u><u>6,719,098</u></u>	<u><u>3,123,457</u></u>

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of properties sold	9,815,461	31,452,175
VAT tax deduction	(255,305)	–
Other costs	<u>19,546</u>	<u>929</u>
Cost of sales	<u><u>9,579,702</u></u>	<u><u>31,453,104</u></u>
Depreciation of items of property, plant and equipment	39,192	21,958
Depreciation of right-of-use assets	15,459	20,220
Amortisation of other intangible assets	12	12
(Gain)/Loss on disposal of items of property, plant and equipment, net	(299)	6
Auditors' remuneration	3,000	5,500
Employee benefit expense (including directors' and chief executive's remuneration:		
Wages and salaries	244,415	313,828
Pension scheme contributions and social welfare	<u>24,965</u>	<u>51,767</u>
Impairment losses on financial assets, net		
Other receivables and deposits	2,749,272	439,704
Due from related companies	<u>2,172,327</u>	<u>224,639</u>
	<u><u>4,921,599</u></u>	<u><u>664,343</u></u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on interest-bearing bank and other borrowings, corporate bonds, senior notes, perpetual capital securities and proceeds from asset-backed securities	4,774,445	4,597,336
Interest expense arising from revenue contracts	17,366	783,402
Interest on lease liabilities	<u>84</u>	<u>998</u>
Total interest expense on financial liabilities not at fair value through profit or loss	4,791,895	5,381,736
Less: Interest capitalised	<u>(88,925)</u>	<u>(1,651,474)</u>
Total	<u><u>4,702,970</u></u>	<u><u>3,730,262</u></u>

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2025 (2024: nil).

Subsidiaries of the Group operating in Mainland China were subject to PRC CIT at a rate of 25% for the year (2024: 25%).

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
Corporate income tax	41,848	185,057
Over-provision in prior years	(163,741)	(25,966)
	(121,893)	159,091
LAT	144,627	(149,300)
Under-provision in prior years	95,289	(309,987)
	239,916	(459,287)
Deferred tax	(163,423)	470,466
Total tax (credit)/expense for the year	(45,400)	170,270

8. DIVIDENDS

The board of directors does not recommend the payment of final dividend for the year ended 31 December 2025 (2024: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,367,756,000 (2024: 4,367,756,000) outstanding during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculations of the basic and diluted loss per share amounts are based on:

	2025	2024
Loss		
Loss attributable to ordinary equity holders of the parent (RMB'000)	<u>(17,439,947)</u>	<u>(6,829,835)</u>
Shares		
Weighted average number of ordinary shares in issue during the year	<u>4,367,756,000</u>	<u>4,367,756,000</u>
Loss per share		
Basic and diluted	<u>RMB(3.99)</u>	<u>RMB(1.56)</u>

10. TRADE RECEIVABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	<u>276,757</u>	<u>262,670</u>

Trade receivables mainly represent rentals receivable from tenants, sales of properties, sales of goods and sales of consultation services. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to diversified customers, there is no significant concentration of credit risk. Included in the Group's trade receivables of sales of properties are mainly due from state-owned enterprises and government departments. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

10. TRADE RECEIVABLES (Continued)

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Less than 1 year	34,977	104,306
Over 1 year	<u>241,780</u>	<u>158,364</u>
Total	<u><u>276,757</u></u>	<u><u>262,670</u></u>

Receivables that were neither past due nor impaired relate to diversified customers including state-owned enterprises and government departments, for whom there was no recent history of default and high collectibility.

The Group applies the simplified approach to providing for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.7% (2024: 0.7%). Based on evaluation on the expected loss rate and gross carrying amount, the directors of the Company are of the opinion that the ECL in respect of these balances is considered to be immaterial, and therefore, there has not been a loss allowance provision.

11. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	2,395,941	15,194,182
Over 1 year	<u>11,631,647</u>	<u>1,155,507</u>
Total	<u><u>14,027,588</u></u>	<u><u>16,349,689</u></u>

The trade payables are unsecured and are normally settled based on the progress of construction. As at 31 December 2025, commercial acceptance bills of approximately RMB1,046,076,000 (2024: RMB1,144,767,000) issued by the Company's subsidiaries were overdue and unpaid.

CHAIRMAN’S STATEMENT

Dear shareholders,

On behalf of the Board, I hereby present to you the results and business review of the Group for the year ended 31 December 2025 and its outlook for 2026.

RESULTS

For the year ended 31 December 2025, the revenue of the Group was RMB9,792.3 million; the loss was RMB18,626.6 million; and the loss attributable to owners of the parent was RMB17,439.9 million. The Board did not recommend the payment of a final dividend for the year ended 31 December 2025.

MARKET AND BUSINESS REVIEW

In 2025, China’s real estate sector entered a new phase characterized by accelerated risk elimination, targeted policy support, and gradual market recovery. The nationwide real estate development investment amounted to RMB8.2788 trillion, representing a year-on-year decrease of 17.2%, indicating that the industry is still in a deep adjustment period. However, with the continuous policy efforts, financial measures such as optimizing the re-lending of affordable housing and lowering the mortgage interest rate to 3.1%, the demand side’s willingness to purchase homes, both rigid and improved, has significantly increased. Coupled with the completion of debt resolution for 21 troubled real estate enterprises amounting to RMB1.2 trillion, the industry’s liquidity risk has gradually converged, and market expectations have steadily improved. Since 2024, the policy effect of “stabilization and recovery” has continued to be released. Governments at all levels have promoted a smooth transition to a “new development model” through multi-dimensional measures such as differentiated credit and activating existing assets, creating a favorable policy environment for the recovery of real estate enterprises.

Over the past year, against the backdrop of a profound industry consolidation, the Group faced multiple challenges in its operations and debt resolution efforts. In the face of complex situations, the Group adhered to its operational bottom line, with the core principles of “ensuring delivery, stabilizing operations, resolving debts, enhancing efficiency”. We tackled difficulties and promoted the implementation of various tasks, achieving a steady recovery of the fundamental aspects of business operations. Certain key and difficult projects were successfully restarted, and production and construction work progressed in an orderly manner. The Group has always regarded “ensuring delivery” as the lifeline of enterprise development. In 2025, we steadily advanced the delivery of various project constructions, effectively safeguarding the interests of property owners and continuously strengthening market and customer confidence. In 2025, we delivered a total of 7,817 new homes, covering an area of 990,000 sq.m., ranking the 36th among typical real estate enterprises nationwide.

Product and service quality are the cornerstone upon which a company stands. The Group continuously invests in product refinement and service enhancement, delivering high-quality products and meticulous services to meet the core needs of our customers. Leveraging our years of experience in product

development and customer service, the Group maintains a consistently industry-leading level of customer satisfaction. Our brand reputation has been further solidified during the industry adjustment period, laying a solid foundation for our subsequent sales and market expansion.

Addressing liquidity and debt issues, the Group has continued and deepened its refined management strategy, taking multiple measures to overcome operational challenges. On the one hand, it has persistently promoted liquidity management and cost-saving measures, accelerated the disposal of existing inventory and cash recovery, optimized organisational structure, and strictly controlled administrative expenses, thereby enhancing capital utilization efficiency. On the other hand, it has actively collaborated with legal advisors and financial consultants to advance the overall overseas debt restructuring process, maintained close communication with various stakeholders, and strived to develop a debt resolution plan that takes into account the interests of all parties, promoting a long-term sustainable transformation of the enterprise's capital structure.

OUTLOOK

Looking ahead to 2026, the real estate sector in China will enter a critical stage characterized by the conclusion of risk resolution, a return to normal business operations, and accelerated transformation. At the central level, policy signals continue to be released emphasizing “stabilizing the property market, preventing risks, promoting transformation.” Financial support for the real estate sector will continue to increase, and areas such as affordable housing construction, urban village renovation, and the revitalization of existing assets will become the new mainstay of industry development. The industry as a whole will steadily move towards high-quality and sustainable development. The Group will seize the opportunity presented by industry transformation, face challenges head-on, and take proactive measures. On the basis of consolidating operational stability, we will accelerate debt resolution and business transformation, driving the enterprise towards high-quality and sustainable development.

Since the end of 2025, the country has continuously improved the fundamental system of real estate finance, focusing on promoting the implementation and effectiveness of policies such as affordable housing re-lending. Financial instruments such as REITs and the revitalization of existing commercial housing stock have been further enriched, creating new opportunities for enhancing the asset value and improving the cash flow of real estate enterprises. The Group will firmly grasp the policy dividends and market recovery opportunities, increase the precision of marketing, improve the quality of sales, and focus on the sales and cash collection of core cities and high-quality projects. At the same time, we will deepen the revitalization of existing assets, explore cooperation opportunities in areas such as affordable housing and urban renewal, further enhance the asset value recovery effect, and strengthen the stability of corporate cash flow.

The Group will continue to adhere to the operating principles of “safety, health, and sustainability”, strengthen financial risk management, optimize asset structure and strictly control operating costs to ensure the financial stability of the Group. In addition, the Group will continue to improve product and service quality to win customer favour. The Group will also continue to enhance its internal management system and operational efficiency to improve business quality, thereby promoting its sustainable development.

APPRECIATION

Finally, on behalf of the Board, I would like to express our sincere appreciation to all shareholders, investors, business partners and customers for their support, and all employees for their dedication and hard work. The Company will continue to uphold our core value of “prosperity from integrity” and achieve stable and sustainable development while bringing value to shareholders, investors and other stakeholders of the Company.

Zhenro Properties Group Limited
Chan King Tak
Chairman of the Board

Shanghai, PRC

27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Contracted Sales

For the year ended 31 December 2025 (“Year 2025”), the Group, together with its joint ventures and associated companies, recorded contracted sales of RMB4.344 billion, representing a 35.4% year-on-year decrease from the year ended 31 December 2024 (“Year 2024”); total contracted gross floor area (“GFA”) sold amounted to approximately 278,381 sq.m., representing a 39.3% year-on-year decrease from Year 2024. Contracted average selling price (“ASP”) for Year 2025 was RMB15,603 per sq.m., whilst that for Year 2024 was RMB14,664 per sq.m.

The following table sets forth the geographic breakdown of the contracted sales of the Group, together with its joint ventures and associated companies, in Year 2025.

	Contracted GFA Sold <i>sq.m.</i>	Contracted Sales <i>RMB'000</i>	Contracted ASP <i>RMB/sq.m.</i>	% of Contracted Sales <i>%</i>
Yangtze River Delta Region	125,523	1,647,726	13,127	37.9
Western Taiwan Straits Region	71,233	1,564,629	21,965	36.0
Bohai Rim Region	7,832	134,315	17,149	3.1
Central China Region	43,264	486,959	11,256	11.2
Western China Region	2,195	51,947	23,658	1.2
Pearl River Delta Region	<u>28,334</u>	<u>458,014</u>	<u>16,165</u>	<u>10.6</u>
Total	<u><u>278,381</u></u>	<u><u>4,343,590</u></u>	<u><u>15,603</u></u>	<u><u>100.0</u></u>

Revenue Recognized from Sales of Properties

Revenue recognized from sales of properties decreased by 70.9% from RMB33,331.1 million for Year 2024 to RMB9,707.5 million for Year 2025, primarily due to a decrease in GFA being delivered. The Group’s recognized ASP from sales of properties for Year 2025 was RMB11,707 per sq.m., representing a 32.5% decrease from RMB17,340 per sq.m. for Year 2024, primarily due to a significant reduction in contracted GFA delivered and an increase in the proportion of properties with lower selling price being delivered in Year 2025.

During Year 2025, the properties delivered by the Group included Quanzhou Jinjiang Zhenro Mansion; Nanjing Zhenro Aoti Nanchen Pinnacle; Guangzhou Baiyun District Zhongluotan Parcel; Nanjing Zhenro Begonia Mansion; Xi’an Beichen Tianyue South and others.

The following table sets forth the geographic breakdown of the revenue recognized from sales of properties of the Group for the years indicated:

	Recognized Revenue from Sales of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Delivered		Recognized ASP	
	Year 2025	Year 2024	Year 2025	Year 2024	Year 2025	Year 2024	Year 2025	Year 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>	<i>%</i>	<i>sq.m.</i>	<i>sq.m.</i>	<i>RMB/sq.m.</i>	<i>RMB/sq.m.</i>
Yangtze River Delta Region	3,613.7	9,429.7	37.2	28.3	249,632	554,219	14,476	17,014
Western Taiwan Straits Region	3,257.5	10,495.6	33.6	31.5	337,845	659,923	9,642	15,904
Central China Region	931.2	8,294.0	9.6	24.9	101,144	421,980	9,207	19,655
Western China Region	909.8	2,948.4	9.4	8.8	71,784	151,187	12,674	19,502
Pearl River Delta Region	995.3	2,163.1	10.2	6.5	68,821	132,544	14,462	16,321
Total	9,707.5	33,330.8	100.0	100.0	829,226	1,919,853	11,707	17,340

Completed Properties Held for Sale

Completed properties held for sale represent completed properties remaining unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties.

As at 31 December 2025, the Group had completed properties held for sale of RMB20,350.3 million, representing a 31.0% decrease from RMB29,483.4 million as at 31 December 2024. The decrease was primarily due to a decrease in GFA for completed properties by the Group in Year 2025. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

Properties Under Development

Properties under development are properties intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalized interests and other costs directly attributable to such properties incurred during the development period and net realizable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 31 December 2025, the Group had properties under development of RMB26,259.1 million, representing a 21.3% decrease from RMB33,373.4 million as at 31 December 2024. The decrease was primarily due to a decrease in the number of projects developed by the Group in Year 2025.

PROPERTY INVESTMENT

Rental Income

The Group's rental income for Year 2025 was RMB78.6 million, representing an 2.7% increase from RMB76.5 million for Year 2024. Rental income in Year 2025 increase due to an increase in average rental rates in Year 2025 as compared to Year 2024.

Investment Properties

As at 31 December 2025, the Group had 10 investment properties with a total GFA of 656,676 sq.m. Out of the investment properties portfolio of the Group, eight investment properties with a total GFA of 397,144 sq.m. had commenced leasing.

LAND BANK

In Year 2025, the Group did not replenish any land parcel. As at 31 December 2025, the Group, together with its joint ventures and associated companies, had a land bank with an aggregate GFA of 9.04 million sq.m.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 70.7% from RMB33,416.9 million for Year 2024 to RMB9,792.3 million for Year 2025, which was primarily attributable to a decrease in GFA being delivered. The following table sets forth the Group's revenue for each of the components, the percentage of total revenue represented and the relevant changes for the years indicated.

	Year 2025		Year 2024		Year-over-Year Change %
	Revenue RMB'000	% of Total Revenue %	Revenue RMB'000	% of Total Revenue %	
Sales of properties	9,707,534	99.1	33,331,088	99.7	(70.9)
Property lease	78,640	0.8	76,464	0.2	2.8
Management consulting services ⁽¹⁾	6,137	0.1	9,354	0.1	(34.4)
Total	<u>9,792,311</u>	<u>100.0</u>	<u>33,416,906</u>	<u>100.0</u>	<u>(70.7)</u>

Note:

(1) Primarily includes revenue generated from provision of design consultation services to joint ventures, associated companies and third parties.

Cost of Sales

The Group's cost of sales primarily represents the costs directly incurred for the property development activities as well as leasing operations and management consulting services. The principal components of cost of sales for property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

The Group's cost of sales decreased by 69.5% from RMB31,453.1 million for Year 2024 to RMB9,579.7 million for Year 2025, primarily due to a decrease in GFA being delivered by the Group during Year 2025.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decreased by 89.2% from RMB1,963.8 million for Year 2024 to RMB212.6 million for Year 2025. Gross profit margin for Year 2025 decreased by 3.7 percentage points to 2.2% from 5.9% for Year 2024.

Other Income and Gains

The Group's other income and gains primarily consist of interest income, government grants, commercial compensation and others. Interest income primarily consists of interest income on bank deposits. Commercial compensation primarily represents forfeited deposits received from certain potential customers who did not subsequently enter into sales contracts with the Group and penalties received from certain customers due to their breach of sales or pre-sales contracts.

Other income and gains decreased by 20.3% from RMB30.6 million for Year 2024 to RMB24.4 million for year 2025, primarily due to the decrease of interest income.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising, marketing and business development expenses, sales and marketing staff costs, office expenses, fees paid to third-party sales agents, rental and other expenses relating to sales of properties and property leasing services.

The Group's selling and distribution expenses decreased by 34.0% from RMB797.3 million for Year 2024 to RMB526.4 million for Year 2025, primarily due to the enhanced control over selling and distribution expenses with the overall reduction in sales and marketing campaigns of the Group during Year 2025.

Administrative Expenses

Administrative expenses primarily consist of management and administrative staff costs, entertainment expenses, office and meeting expenses, stamp duties and other taxes, rental costs, depreciation of property, plant and equipment, professional fees, travelling expenses, bank charges and other general office expenses and miscellaneous expenses.

The Group's administrative expenses decreased by 26.6% from RMB629.5 million for Year 2024 to RMB461.8 million for Year 2025, primarily because the Group streamlined its organisational structure and enhanced cost control over its administrative items during Year 2025.

Other Expenses

Other expenses increased by 115.1% from RMB3,123.5 million for Year 2024 to RMB6,719.1 million for Year 2025, which mainly include foreign exchange loss, net, of RMB99.3 million (Year 2024: RMB54.5 million) and the impairment losses recognized for properties under development and completed properties held for sale of RMB6,348.6 million (Year 2024: RMB2,328.1 million) as a result of a decline in the overall housing demand and lower selling prices of projects held by the Group.

Impairment losses on financial assets, net, increased by 640.9% from RMB664.3 million for Year 2024 to RMB4,921.6 million for Year 2025.

Fair Value Losses on Investment Properties

The Group develops and holds certain commercial properties on a long-term basis for rental income or capital appreciation. Under the impact of the unfavourable macro market environment, there was a decrease in the fair value of investment properties as a result of the decline in demand for commercial property. For Year 2025, the Group recorded fair value losses on investment properties of RMB1,000.2 million, as compared with fair value losses on investment properties of RMB573.2 million for Year 2024.

Finance Costs

Finance costs primarily consist of interest expenses for bank and other borrowings net of capitalized interest relating to properties under development.

The Group's finance costs increased by 26.1% from RMB3,730.3 million for Year 2024 to RMB4,703.0 million for Year 2025, primarily due to a lower capitalization rate for interest on borrowings in Year 2025.

Share of Losses/Profits of Joint Ventures and Associated Companies

The Group's share of losses of joint ventures was RMB62.0 million for Year 2025, compared with the share of profits of RMB38.4 million for Year 2024, primarily due to decrease in the number of properties delivered and the decrease in profit margin for joint ventures.

The Group's share of losses of associated companies was RMB514.8 million for Year 2025, compared with the share of profits of RMB116.5 million for Year 2024, primarily due to the decrease in the number of properties delivered and the decrease in profit margin for associated companies.

Income Tax Expense

Income tax expense represents corporate income tax (“CIT”) and land appreciation tax payable by the Group’s subsidiaries in the PRC.

The Group’s income tax expense decreased from RMB170.3 million for Year 2024 to tax credit of RMB45.4 million for Year 2025, primarily due to more deductible losses in the Group’s subsidiaries for Year 2025.

Loss for the Year

As a result of the foregoing, the Group’s loss for Year 2025 was RMB18,626.6 million, compared with a loss of RMB7,539.0 million for Year 2024.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The industry in which the Group engages is a capital-intensive industry. The Group has met, and expects to continue meeting, its operating capital, capital expenditure and other capital needs with proceeds from pre-sale and sale of properties, loans from commercial banks, proceeds from corporate debts or other securities offerings, and capital injections from shareholders. The Group’s need for short-term liquid capital is mainly associated with loan repayments and capital needs for operation, and the Group’s short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new financings. The Group’s need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of long-term borrowings.

Cash Positions

As at 31 December 2025, the Group had cash and bank balances of RMB2,386.9 million (31 December 2024: RMB3,184.7 million), which included cash and cash equivalents of RMB688.0 million (31 December 2024: RMB1,215.3 million) and restricted cash and pledged deposits of RMB1,698.9 million (31 December 2024: RMB1,969.4 million).

Indebtedness

As at 31 December 2025, the Group had total outstanding bank and other borrowings of RMB26,467.3 million (31 December 2024: RMB27,827.9 million), corporate bond with carrying amounts of RMB5,224.4 million (31 December 2024: RMB5,098.5 million), senior notes with carrying amounts of RMB23,774.6 million (31 December 2024: RMB24,514.7 million) and perpetual capital securities (the “PCS”) with carrying amounts of RMB1,381.3 million (31 December 2024: RMB1,412.7 million). The Group’s borrowings are denominated in Renminbi, Hong Kong dollars and US dollars.

The following table sets forth the Group's total borrowings as at the dates indicated:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current borrowings:		
Bank borrowings – secured	126,303	216,303
Bank borrowings – unsecured	477,188	484,677
Other borrowings – secured	3,569,061	2,620,851
Plus: current portion of non-current borrowings		
Bank borrowings – secured	15,069,847	17,714,212
Bank borrowings – unsecured	1,296,214	1,368,090
Other borrowings – secured	3,704,453	4,391,716
Senior notes and Corporate bonds	28,744,569	26,010,730
Asset-backed securities	2,354,743	1,220,293
PCS	1,381,310	1,412,671
	<u>56,723,688</u>	<u>55,439,543</u>
Total current borrowings		
Non-current borrowings:		
Bank borrowings – secured	2,224,205	980,650
Other borrowings – secured	–	51,400
Corporate bonds	254,421	3,602,479
Asset-backed securities	<u>–</u>	<u>1,305,123</u>
	<u>2,478,626</u>	<u>5,939,652</u>
Total non-current borrowings		
Total	<u>59,202,314</u>	<u>61,379,195</u>

The following table sets forth the maturity profiles of the Group's total borrowings as at the dates indicated:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Repayable within one year	56,723,688	55,439,543
Repayable within the second year	2,251,820	1,642,173
Repayable within the third to fifth years	<u>226,806</u>	<u>4,297,479</u>
Total	<u><u>59,202,314</u></u>	<u><u>61,379,195</u></u>

Charge on Assets

As at 31 December 2025, the Group's asset portfolio which included property, plant and equipment with carrying value of RMB352.5 million (31 December 2024: RMB209.8 million), right-of-use assets with carrying value of RMB182.9 million (31 December 2024: RMB156.9 million), investment properties with carrying value of approximately RMB6,223.4 million (31 December 2024: RMB5,826.0 million), properties under development with carrying value of RMB20,385.7 million (31 December 2024: RMB19,887.7 million) and completed properties held for sale with carrying value of RMB13,390.0 million (31 December 2024: RMB22,500.3 million) were pledged as security for the Group's secured borrowings.

FINANCIAL RISKS

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pays to shareholders outside of the PRC. The Group had cash at banks denominated in foreign currencies, which exposed the Group to foreign exchange risk. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value. The Group is also exposed to interest rate risk for changes in market interest rates which would have impact on the Group's bank and other borrowings. The Group currently does not use derivative financial instruments to hedge interest rate risk.

In Year 2025, pre-sale of properties by Chinese property developers continued to decrease and financing continued to be difficult, which had adversely impacted the Group's ability to obtain financing from the capital markets and other sources, and significantly curtailed the funding available to the Group to address its upcoming debt maturities. The Group has implemented a wide range of liquidity management and cost saving measures including without limitation, seeking extensions and waivers regarding its financings, seeking disposal of assets, accelerating sales and cash collection, streamlining corporate structure, as well as reducing non-core business operations and administrative

expenses so long as such measures do not affect the Group's delivery efforts and normal operations. The Company has also commenced the implementation of its holistic management solutions for its offshore indebtedness (the "**Offshore Holistic Liability Management Solutions**").

KEY FINANCIAL RATIOS

The Group's current ratio was 0.67 as at 31 December 2025 (31 December 2024: 0.88). The Group's net gearing ratio (defined as total borrowings less cash and bank balances divided by total equity) was -249.7% as at 31 December 2025 (31 December 2024: -2,441.9%).

CONTINGENT LIABILITIES

Mortgage Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If it fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds.

As at 31 December 2025, the material contingent liabilities incurred for the Group's provision of guarantees to financial institutions in respect of the mortgage loans they provided to the Group's customers were RMB20,419.4 million (31 December 2024: RMB19,760.2 million).

The Directors confirm that the Group has not encountered defaults by purchasers in which it provided mortgage guarantees that, in aggregate, had a material adverse effect on the financial condition and results of operations of the Group.

Other Financial Guarantees

As at 31 December 2025, the guarantees given to banks and other institutions in connection with borrowings made to the related companies and a third party by the Group were RMB2,453.7 million (31 December 2024: RMB2,760.5 million).

Legal Contingents

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group considers that as at the date of this announcement, no liabilities resulting from these proceedings will have a material adverse effect on business, financial condition or results of operations of the Group.

Commitments

As at 31 December 2025, the Group's capital commitment contracted but yet provided for was RMB3,860.2 million (31 December 2024: RMB7,955.2 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above and the matters disclosed in the consolidated financial statements and the notes thereto, as at 31 December 2025, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

NON-PAYMENT OF PRINCIPAL, INTEREST AND/OR DISTRIBUTION OF CERTAIN SENIOR NOTES AND PCS

References are made to the announcements of the Company dated 10 April 2022, 31 May 2022, 30 June 2022, 3 August 2022, 30 August 2022, 9 November 2022, 12 December 2022, 6 March 2023, 14 March 2023, 31 March 2023, 5 May 2023, 15 September 2023, 6 March 2024, 12 April 2024, 10 September 2024, 4 February 2025 and 6 January 2026.

As at the date of this announcement, the Company had not made payment of the outstanding principal and/or the accrued distribution and/or the accrued interest that were due for the securities as set out in the following table:

Description of Debt Securities	Payment Status
7.125% Senior Notes due June 2022 (the "2021 RMB Notes")	Did not make payment for outstanding principal of RMB10,020,000 and accrued interest that were due
5.98% Senior Notes due April 2022 (the "April 2021 Notes")	Did not make payment for outstanding principal of US\$23,361,000 and accrued interest that were due
8.3% Senior Notes due September 2023 (the "June 2020 Notes")	Did not make payment for outstanding principal of US\$200,000,000 and accrued interest that were due
8.35% Senior Notes due March 2024 (the "May 2020 Notes")	Did not make payment for outstanding principal of US\$200,000,000 and accrued interest that were due
7.875% Senior Notes due April 2024 (the "January 2020 Notes")	Did not make payment for outstanding principal of US\$290,000,000 and accrued interest that were due
7.1% Senior Notes due September 2024 (the "June 2021 Notes")	Did not make payment for outstanding principal of US\$340,000,000 and accrued interest that were due
7.35% Senior Notes due February 2025 (the "September 2020 Notes")	Did not make payment for outstanding principal of US\$350,000,000 and accrued interest that were due
9.15% Senior Notes due May 2023 (the "November 2019 Notes")	Did not make payment for outstanding principal of US\$300,000,000 and accrued interest that were due

Description of Debt Securities	Payment Status
8.7% Senior Notes due August 2022 (the “ October 2019 Notes ”)	Did not make payment for outstanding principal of US\$29,777,000 and accrued interest that were due
6.63% Senior Notes due January 2026 (the “ January 2021 Notes ”)	Did not make payment for outstanding principal of US\$400,000,000 and accrued interest that were due
6.7% Senior Notes due August 2026 (the “ February 2021 Notes ”)	Did not make payment for accrued interest that were due
6.50% Senior Notes due September 2022 (the “ September 2021 Notes ”)	Did not make payment for outstanding principal of US\$31,239,000 and accrued interest that were due
PCS	Did not make payment for outstanding principal of US\$200,000,000 and accrued distribution that were due
8.0% Senior Notes due March 2023 (the “ March 2022 Notes ”)	Did not make payment for outstanding principal of US\$728,623,000 and accrued interest that were due
8.0% Senior Notes due March 2023 (the “ March 2022 RMB Notes ”)	Did not make payment for outstanding principal of RMB1,589,980,000 and accrued interest that were due

2021 RMB Notes, April 2021 Notes, October 2019 Notes and September 2021 Notes: Failure to pay the outstanding principal at maturity, and accrued interest upon expiration of the 30-day grace period, both constituted events of default under the 2021 RMB Notes, the April 2021 Notes, the October 2019 Notes and the September 2021 Notes. However, the non-payment under the respective senior notes has not triggered, and will not trigger, any cross-default under the terms of other senior notes and the PCS issued by the Company.

June 2020 Notes, May 2020 Notes, January 2020 Notes, June 2021 Notes, September 2020 Notes, November 2019 Notes, January 2021 Notes, February 2021 Notes, the PCS, March 2022 Notes and March 2022 RMB Notes: Failure to pay the outstanding principal at maturity, and accrued distribution and/or accrued interest upon expiration of the respective grace periods, both constituted events of default under the PCS and respective senior notes (as the case may be). If an event of default has occurred (such as 30-day grace period lapses) and is continuing, the trustee or holders of at least 25% in aggregate principal amount of the PCS and/or relevant senior notes then outstanding may, by written notice to the Company and to the trustee, declare the principal of, premium, if any, and accrued and unpaid distribution and/or interest on the relevant PCS and senior notes to be immediately due and payable (the “**Acceleration Notice**”). As at 31 December 2025 and up to the date of approval of this announcement, the Company has not received any Acceleration Notice as a result of the non-payment under the respective PCS and/or senior notes.

THE OFFSHORE HOLISTIC LIABILITY MANAGEMENT SOLUTIONS

References are made to the announcements (collectively, the “**Announcements**”) of the Company dated 30 August 2022, 9 November 2022, 12 December 2022, 6 March 2023, 14 March 2023, 31 March 2023, 5 May 2023, 10 August 2023, 15 September 2023, 1 November 2023, 2 January 2024, 24 January 2024, 31 January 2024, 6 March 2024, 11 April 2024, 2 July 2024, 15 July 2024, 29 July 2024, 9 August 2024, 12 August 2024, 16 August 2024, 22 August 2024, 30 August 2024, 6 September 2024, 13 September 2024, 19 September 2024, 31 October 2024, 28 November 2024, 2 January 2025, 30 June 2025, 6 August 2025, 30 September 2025 and 31 December 2025.

The Company and its advisors will continue to engage in discussions with various stakeholders and endeavour to achieve the holistic restructuring of the offshore debts of the Company that safeguards stakeholders’ interests and ensures fair treatment of all applicable creditors. The Company is grateful for the broad-based support of its creditors for their continuing support and engagement with the Company during the process.

The Company will make further announcement(s) on the progress of the Offshore Holistic Liability Management Solutions as and when appropriate.

DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

During Year 2025, there was no material acquisition or disposal of subsidiaries, joint ventures and associates by the Company.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During Year 2025, there was no significant investment held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently has no plan to make any significant investment or acquisition of capital assets.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December, 2025, the Group had 499 employees (31 December 2024: 709 employees).

The Group recruits skilled and qualified personnel in local markets through various channels, such as recruiting firms, internal referrals and advertisement on the Internet. The Group values employees who demonstrate loyalty to their work and who values corporate culture, as well as those with relevant working experience. The Group’s future development, to a considerable extent, depends on its ability to identify, hire, train and retain suitable employees, including management personnel, with relevant professional skills. Therefore, the Group has established systematic training programs for employees based on their positions and expertise.

The Group enters into labour contracts with all employees and offers employees competitive remuneration packages that include basic salaries, discretionary bonuses and performance-based payments. The Company has also adopted a share option scheme.

Under the applicable PRC laws and regulations, the Group is subject to social insurance contribution plans. The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all employees in Hong Kong.

SUBSEQUENT EVENTS

Save for the matters as disclosed under the section headed “THE OFFSHORE HOLISTIC LIABILITY MANAGEMENT SOLUTIONS” above, no material events were undertaken by the Group subsequent to 31 December 2025 and up to the date of this announcement.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

References are made to the announcements of the Company dated 5 July 2019, 7 August 2020 and 29 September 2020.

In July 2019, pursuant to a facility agreement (the “**2019 Facility Agreement**”) entered into between, among others, the Company as borrower, certain wholly-owned subsidiaries of the Company as original guarantors, Hang Seng Bank Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, The Bank of East Asia, Limited, Goldman Sachs (Asia) L.L.C. and BNP Paribas, acting through its Hong Kong Branch, collectively as original lenders, dual-currency term loan facilities in the amount of HK\$234,000,000 and US\$90,000,000 (totaling approximately US\$120,000,000) (the “**2019 Loan Facilities**”, each a “**2019 Loan Facility**”) were made available to the Company for a term of 36 months from the date of the 2019 Facility Agreement.

As provided in the 2019 Facility Agreement, if Mr. OU Zongrong, Mr. OU Guoqiang and Mr. OU Guowei collectively (a) do not or cease to, directly or indirectly, own at least 51% of the beneficial shareholding in the Company, carrying at least 51% of the voting right in the Company, of which at least 45% beneficial shareholding must, at any time on or after the first date of utilisation of the 2019 Loan Facility, be free from any security; (b) are not or cease to be the single largest shareholder of the Company; and/or (c) do not or cease to have management control over the Company, the commitments under the 2019 Loan Facilities may be cancelled and all amounts outstanding together with accrued interest and all other amounts accrued under the 2019 Loan Facilities may become immediately due and payable.

In August 2020, a facility agreement (the “**2020 Facility Agreement**”) was entered into between, among others, the Company as borrower, certain wholly-owned subsidiaries of the Company as the original guarantors, Bank of China (Hong Kong) Limited, CMB Wing Lung Bank Limited, Hang Seng Bank Limited and certain other financial institutions, collectively as lenders, whereby dual-currency term loan facilities in the amount of HK\$273,000,000 and US\$106,000,000 (totaling approximately US\$141,000,000) were made available to the Company for a term of 36 months from the date of the first utilisation of the loan facility. In September 2020, Chong Hing Bank Limited (as lender) acceded to the 2020 Facility Agreement in accordance with the terms of the 2020 Facility Agreement (the “**Accession**”). Following the execution of the Accession, the total amount of loan facilities made available to the Company under the 2020 Facility Agreement was approximately US\$161,000,000 (the “**2020 Loan Facilities**”, each a “**2020 Loan Facility**”).

As provided in the 2020 Facility Agreement, if (i) Mr. OU Zongrong, Mr. OU Guoqiang and Mr. OU Guowei (collectively, the “**Relevant Persons**”) collectively (a) do not or cease to, directly or indirectly, own at least 51% of the beneficial shareholding in the Company, carrying at least 51% of the voting right in the Company, of which at least 45% of the beneficial shareholding must, at all times from the date of the 2020 Facility Agreement for so long as any liability is outstanding or any commitment is in force, be free from any security; (b) are not or cease to be the single largest shareholder of the Company; and/or (c) do not or cease to have management control over the Company; and/or (ii) the chairman of the Company is not any of Mr. HUANG Xianzhi, Mr. LIU Weiliang (being a then existing executive Director) or Mr. CHAN Wai Kin or any of the Relevant Persons, the commitments under the loan facilities may be cancelled and all amounts outstanding together with accrued interest and all other amounts accrued under the loan facilities may become immediately due and payable.

As at 31 December 2025 and up to the date of approval of this announcement, the Company had not made payment of the outstanding principal and/or the accrued interest that were due for the 2019 Loan Facilities and the 2020 Loan Facilities, which constituted an event of default under the 2019 Loan Facilities and the 2020 Loan Facilities. In light of this, the Company has commenced the implementation for the Offshore Holistic Liability Management Solutions, details of which are set out in the section headed “THE OFFSHORE HOLISTIC LIABILITY MANAGEMENT SOLUTIONS” above.

Save as disclosed in this announcement, as at 31 December 2025, the Directors are not aware of any circumstances that would trigger the disclosure requirement under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF THE GROUP'S LISTED SECURITIES

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Group during Year 2025.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for Year 2025 (Year 2024: Nil).

As at 31 December 2025, there was no arrangement under which a shareholder of the Company had waived or agreed to waive any dividends.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the “AGM”) will be held on Thursday, 25 June 2026. A notice convening the AGM will be published on the Company’s website and the Stock Exchange’s website and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course. For the purpose of determination of eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 22 June 2026 to Thursday, 25 June 2026 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the forthcoming AGM to be held on Thursday, 25 June 2026, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Thursday, 18 June 2026.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures with the Board being responsible for performing such corporate governance duties. The Company has adopted the Corporate Governance Code (the “**Corporate Governance Code**”) set out in Appendix C1 to the Listing Rules as the basis of the Company’s corporate governance practices and has complied with all the applicable code provisions.

The Board will continue to review and monitor the governance of the Company with reference to the Corporate Governance Code so as to maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All Directors have confirmed, following specific enquiry made by the Company, that they have complied with the Model Code during Year 2025.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee consists of three members, namely Ms. YANG Yongyi, Mr. WANG Chuanxu and Mr. XIE Jun, being independent non-executive Directors, Ms. YANG Yongyi has been appointed as the chairman of the Audit Committee, and is the independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the Audit Committee include: (i) making recommendations regarding the appointment and removal of external auditors of the Company; (ii) reviewing the accounting policies and financial positions of the Company; (iii) reviewing and supervising the internal audit functions and internal control structure of the Company; and (iv) reviewing and overseeing the risk management of the Company.

The Group’s audited consolidated financial statements for the Year 2025 were reviewed by the Audit Committee before recommendation to the Board for approval.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the external auditor of the Company:

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the *Basis for Disclaimer of Opinion* section of our report, it is not possible for us to form an opinion on the consolidated financial

statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Multiple Uncertainties Relating to Going Concern

For the year ended the Group recorded loss for the year of RMB18,626,561,000 for the year ended 31 December 2025. As at 31 December 2025, (i) the Group recorded net current liabilities and net liabilities amounting to RMB34,626,845,000 and RMB22,750,474,000 as at 31 December 2025, respectively. (ii) the Group's total bank and other borrowings, senior notes, corporate bonds, perpetual capital securities and asset-backed securities (included in other payables and accruals) amounted to RMB59,202,314,000, out of which RMB56,723,688,000 will be due for repayment within the next twelve months or on demand, while its cash and cash equivalents amounted to RMB688,054,000; (iii) the Group had not repaid an aggregate amount of principal and interest of RMB25,961,836,000 for certain senior notes and an aggregate amount of interest amounting to RMB1,217,529,000 for certain senior notes according to their scheduled repayment dates, triggering events of default for certain senior notes amounting to RMB4,955,737,000; (iv) an aggregate amount of principal of RMB18,858,524,000 for interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates, triggering certain long term interest-bearing bank and other borrowings amounting to RMB3,307,540,000 becoming repayable on demand; (v) the Group failed to repay the principal and interest amounting to RMB4,334,545,000 for corporate bonds according to their scheduled repayment dates; (vi) the Group failed to repay the principal and interest amounting to RMB1,823,758,000 for the perpetual capital securities; and (vii) the Group failed to repay the principal and interest amounting to RMB2,278,706,000 for asset-backed securities according to their scheduled repayment dates.

The directors of the Company have been undertaking plans and measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including: (i) successfully completing the holistic restructuring of its offshore indebtedness; (ii) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's interest-bearing bank and other borrowings; (iii) successfully securing project development loans for qualified project development timely; (iv) successfully obtaining additional new sources of financing as and when needed; (v) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties; (vi) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and (vii) successfully and timely implementation of the plans to dispose of its equity interests in certain project development companies, and timely collection of the proceeds.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying amount of the Group's assets to their recoverable amounts, to provide for any further

liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.zhenrodc.com). The annual report will be despatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board
Zhenro Properties Group Limited
Chan King Tak
Chairman of the Board

Shanghai, PRC, 27 March 2026

As at the date of this announcement, the executive Directors of the Company are Mr Chan King Tak and Mr Jin Mingjie, the non-executive Director is Mr Chow Wai Shing Daniel, and the independent non-executive Directors of the Company are Mr Wang Chuanxu, Mr Xie Jun and Ms Yang Yongyi.

* *For identification purpose only*